

Message Text

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ACTION EB-11

INFO OCT-01 CIAE-00 COME-00 DODE-00 INR-10 NSAE-00 RSC-01

TRSE-00 EUR-25 AEC-11 ADP-00 RSR-01 MC-02 /062 W
----- 105588

R 041215 Z MAY 73

FM AMEMBASSY BERN
TO SECSTATE WASHDC 7619

UNCLAS BERN 1773

EXCON FOR COMMERCE

E. O. 11652: N/ A
TAGS: ETRD, SZ
SUBJECT: REQUEST FROM CONTIFLEX AG

REF: BERN A-190

1. EMBASSY HAS BEEN APPROACHED BY VON ARX OF CONTIFLEX AG, 8700 KUESSNACHT- ZURICH, WHO FACED WITH WHAT HE CONSIDERS INSOLUBLE PROBLEM OF EXPORT CONTROLS.

VON ARX DESCRIBED HIS PROBLEM AS FOLLOWS:

A. CONTIFLEX IS DISTRIBUTOR FOR SPERRY RAND DECODER DRIVER DD-700 WITH SWISS AND WEST EUROPEAN CUSTOMERS. DD-700'S DESTINED FOR RESALE OUTSIDE SWITZERLAND ARE IMPORTED INTO BONDED WAREHOUSE ZURICH UNDER FC-843. NO SERIOUS PROBLEMS THAT RESPECT.

B. HOWEVER, SWISS MARKET SALES APPEAR HOPELESSLY BOGGED DOWN IN LICENSING PROBLEMS. ACCORDING TO LETTERS FROM ROY EVANS OF SPERRY INFORMATION DISPLAYS DIVISION OF SCOTTSDALE, ARIZONA, CONTIFLEX MUST SUBMIT SWISS BLUE AND IA-1145 COVERING EACH TRANSACTION IN SWITZERLAND. WE ASSUME SWISS BLUE MAY COVER LARGE QUANTITY DD-700'S BUT IA-1145'S MUST COVER EACH TRANSACTION. CONTIFLEX FEELS THEY WOULD HAVE TO HIRE EXTRA STAFF TO HANDLE COMPLEX PAPERWORK INVOLVED IN SUBMITTING IA-1145'S FOR UNCLASSIFIED

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WHAT MAY BE UP TO ONE HUNDRED SEPARATE TRANSACTIONS ON THEIR CURRENT ORDER OF 5000 DD-700'S DESTINED FOR SWISS MARKET. CONTIFLEX READILY ADMITS THAT MOST OF FINAL SWISS PRODUCTS ARE REEXPORTED (MAINLY DIGITAL DISPLAY CLOCKS) BUT THAT THOSE PRODUCTS ARE CERTIFIED SWISS ORIGIN. CONTIFLEX CURRENTLY HAS A PENDING LICENSE APPLICATION FOR 5000 DD-700'S AND HAS APPROXIMATELY 2000 FIRM ORDERS IN SWITZERLAND. THEY STAND TO HAVE CANCELLATIONS IF THEY ARE UNABLE TO DELIVER SOON. ODDLY ENOUGH, CONTIFLEX HAS RECENTLY BOUGHT A FEW HUNDRED IDENTICAL DECODER DRIVERS PRODUCED BY NATIONAL SEMI- CONDUCTORS (WHO ALSO PRODUCES THE SPERRY DD-700 ON CONTRACT) OVER- THE- COUNTER FROM NATIONAL SEMI- CONDUCTORS, SISSACH, SWITZERLAND.

2. WHILE FOREGOING ADMITTEDLY CONVOLUTED, EMBASSY WOULD APPRECIATE EXCON COMMENTS SOONEST ON STATUS THEIR CURRENT LICENSE APPLICATION FOR 5000 DD-700'S. AS INTERIM MEASURE WE HAVE INSTRUCTED CONTIFLEX TO SUBMIT IA-1145 WITH AS MUCH DETAIL AS POSSIBLE ON THEIR CURRENT FIRM (AND IMPATIENT) ORDERS. EMBASSY WOULD ALSO APPRECIATE ADVICE ON POSSIBILITY CONTIFLEX ACQUIRING DISTRIBUTION LICENSE WHICH WOULD ENABLE THEM TO MAKE MORE COMPETITIVE STAND IN SWITZERLAND.

DAVIS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAY 1973
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BERN01773
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730533/aaaahlgq.tel
Line Count: 87
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 BERN A-190
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 27 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Sep-2001 by kuehnb0>; APPROVED <30-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971118
Subject: REQUEST FROM CONTIFLEX AG
TAGS: ETRD, SZ
To: EB
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005